International Financial Reporting Standards (IFRS) Adoption and *Quality of Accounting Information of Selected Listed Manufacturing Firms in Nigeria*

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Abstract

This study investigates if the adoption of IFRS has improved the quality of accounting numbers provided in the financial statements of firms *in Nigeria. The essence is to confirm the results of previous studies as well as the introduction of new variables. The study uses* secondary balanced panel data obtained from the Nigerian Exchange Group on 27 selected manufacturing firms over the periods 2006-2011 for pre-IFRS and from 2012-2017 for post-IFRS. The dependent variable is market share price (MPS), and the independent variables are BVPS, EPS, CFPS and PE, while LEV and SIZE are the control variables. The regression results of the Estimated Generalized Least Squares (EGLS) indicate that for pre-IFRS periods, while three variables are positively significant, four of the variables of interest are positively significant in post-IFRS periods. The overall results of the hypotheses tests show that there is a higher quality of accounting information after the adoption of IFRS for the periods under review. The results give signals to investors that post-IFRS information has higher value relevance than pre-IFRS. The study recommends among others that manufacturing firms should continue to adopt IFRS in order to maximize its influence on their stock prices.

Keywords: *Quality, Accounting Information, IFRS, Market Price Per Share.*

1.0. Introduction

For over ten (10) decades before 2005 when the International Financial Reporting Standards (IFRS) was first adopted in the European Union, every nation has had its own local or national standards that guide the preparation and presentation of financial reports or accounting information for the use of economic and business resources. Through the use of these resources, firms, all over the world, seek to generate enough revenue by making quick decisions that are based on timely and accurate accounting information. Since financial statements are summary of all business transactions as well as other events, it is expected therefore that the accounting information therein should greatly assist all stakeholders in making informed business decisions in an effective, economic and efficient manner. Thus, there is the need that such information truly represents the actual operating results and financial position of the firm. According to International Accounting Standard Board (IASB, 2008)-the body overseeing the issuance of International Financial Reporting Standards (IFRSs)-"the objective of general purpose financial reporting is to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to the entity. Those decisions involve buying, selling or holding equity and debt instruments, and providing or settling loans and other forms of credit". For the main goal of these standards is to ensure that firms are provided with useful accounting information that would help investors to make good investment decisions, minimize information asymmetry between the investors and firms and to ensure that investors have a thorough knowledge of the risk levels of those firms which would guarantee a more rational investment decisions (Zhai & Wang, 2016). Ibanichuka and Asukwo (2018) opined that IFRSs appear to be investors' last hope for the provision of globally reliable and comparable financial information. It is argued that continuous use of different accounting standards even if the same set of data is used may result to differences in both financial reporting and its quality. According to Apochi and Mustapha (2022), in order to ensure the users of financial report are protected in making rational investments decision, it is of utmost importance to provide superior financial reporting quality which guarantee improved market efficiency. The value and pervasiveness of accounting numbers in decision making process cannot be overemphasized and how well it meets stakeholders' needs is determined by a host of other factors of which accounting standards are the most important (Olowe & Shehu, 2021).

Today's globalized economies depend heavily on cross-border transactions with an ever growing flow of international capital and other foreign operations. Tarca (2012) reported that it was the first time in history we are having a large numbers of firms which are domiciled in different countries using a set of single standards and this makes it easier to collect evidence on the benefits in capital markets. Post-IFRS research evidences as documented by Tarca (2012) include: improvement in market liquidity, reduction in cost of capital, improvement in information content of earnings announcements, that is, reduction in reporting lag, increase in trading activity from foreign firms, cross border holdings has increased, institutional ownership of equity has increased, forecast accuracy has improved, improvement in precision of information by financial analysts and this has helped them to be able to incorporate firm-industry information in share prices, et cetera.

Recall that the turn of this century witnessed many corporate misdeeds resulting from false accounting numbers which undermine the quality of accounting information meant for various users of financial statements. Notable historical corporate scandals, all involving billions of US dollars ($billions) were: Xerox (2000), Enron (2001), Tyco (2002), WorldCom (2002), Freddie Mac (2003), HealthSouth (2003), Royal Ahold and Parmalat (2003), American International Group (AIG) (2005), Lehman Brothers (2008), Satyam(2009), to mention but a few. The foregoing calls for a financial reporting that would be of high quality, less subjectivity to preparers' judgements and manipulations, which is also less information asymmetry. This is in spite of Lee *et al.* (2008) claim that both practitioners and academics remain divided and unconsented as to the economic benefits of IFRS adoptions. Therefore, the main objective of this study is to investigate if the adoption of IFRS in Nigeria has had any improvement in the accounting numbers as reported in the financial statement in Nigeria. The specific objectives aimed to be achieved include ascertaining the extent to which book value per share, earnings per share, cash flow per share and price earnings ratio impacted on the quality of accounting information of selected listed manufacturing firms in Nigeria.

2.0. Review of Related Literature

2.1 Empirical Literature

Olowe and Shehu (2021) undertook a research to determine the extent to which IFRS adoption influenced the value relevance of accounting information in Nigeria. *The study uses* secondary balanced panel data obtained from 7 out of 14 deposit money banks (DMBs) listed on the Nigeria Stock Exchange spanning the period 2008 to 2015, divided into four years from 2008-2011 for pre-IFRS and four years from 2012-2015 for post-IFRS. The dependent variable was share price (SP), while the independent variables were book value per share (BVPS), earnings per share (EPS) and change in earning per share (CEPS). The regression results of the General Least Squares (GLS) indicated that while EPS pre-IFRS periods had a positively significant value better than post-IFRS; BVPS and CEPS were not significant at all for both periods. Sun *et al*. (2021) researched on the extent to which IFRS adoption influenced the value relevance of accounting information in Indonesia. *The study uses* secondary unbalanced panel data obtained from twenty two banks listed on the Indonesia Stock Exchange (IDX) spanning the period 2008 – 2013, divided into two years from 2008-2009 for pre-IFRS and four years from

2010-2014 for post-IFRS. The dependent variable was share price (P), while the independent variables were book value per share (BVPS), earnings per share (EPS) and firm size (SIZE). The regression results of the OLS indicated that EPS post-IFRS periods had a positively significant change than pre-IFRS; BVPS pre-IFRS periods had a positively significant value than post-IFRS, while SIZE was insignificant in the two periods. Alomair *et al*. (2021) empirically examined the value relevance of International Financial Reporting Standards (IFRS) adoption on the quality of accounting information in Saudi Arabia. *The study uses* secondary balanced panel data obtained from selected listed firms on the floor of the Saudi stock market over the periods 2015-2016 for pre-IFRS and from 2017-2018 for post-IFRS. The dependent variable was earnings, while the independent variable was book value of equity (BVE). The regression results of the Ordinary Least Squares (OLS) indicated that post-IFRS periods had a positively significant change than pre-IFRS. This means that there is a higher quality of accounting information after the adoption of IFRS for the periods under review. Suwardi (2020*)* carried out a research study so as to assess how the concept of the value relevance of accounting measures has evolved in Indonesia. Secondary data of one hundred and nine-four (194) listed firms in the Indonesia Stock Exchange was used for the unbalanced panel regression model, while that of two hundred and twenty-three (223) was used for the cross-sectional regression model. The period of study was from 2002-2018 divided into six years of pre-IFRS (2002 -2007) and eleven years of post-IFRS (2008-2018). While share price (EV) was the dependent variable, the independent variables were earnings per share (EPS) and book value of equity (BV). The yearly cross-sectional price regressions revealed that the BV and the EPS are value relevant, as their coefficients were statistically and positively significant with EV. However, the results of the Ordinary Least Squares (OLS) regression with robust standards errors revealed a continuous post-IFRS (2010 to 2014) reduction in the value relevance, due to a lower combined explanatory power of the BV and the EPS after a continuous increase for the pre-IFRS (2002-2008). Salisu and Yusha'u (2020) carried out an empirical assessment on the quality of financial reporting following the adoption of IFRS in Nigeria. *The* panel data used in this study was obtained from nine (9) industrial goods firms listed on the Nigerian Stock Exchange (NSE); from Cash Craft database and Capital Asset database divided into six years from 2006-2011 for pre-IFRS and six years from 2012-2017 for post-IFRS were used. The dependent variable was share price (P), while the independent variables were book value per share (BVPS) and earnings per share (EPS). The regression results of the OLS indicated that while EPS pre-IFRS periods had a positively significant value better than post-IFRS; BVPS was not significant at all for both periods. Yasas and Perera (2019) initiated a research study to confirm whether IFRS adoption really had any impact on accounting information quality in Sri Lanka. Unbalanced panel secondary sources of data used were obtained from 29 manufacturing firm listed in Colombo Stock Exchange spanning the period 2009 to 2015, divided into three years from 2009-2011 for pre-IFRS and four years from 2012-2015 for post-IFRS. The dependent variable was share price (SP), while the independent variables were book value per share (BVPS), earnings per share (EPS) and net operating cash flow per (OCF) with leverage (LEV) to control. The regression results of the panel EGLS regression with cross section indicated that EPS pre-IFRS periods had a positively significant value better than post-IFRS; BVPS post-IFRS had a positively significant value better than pre-IFRS, while OCF and LEV were not significant at all for both periods. Ki *et al.* (2019) set out a study to confirm whether there was a change in the value relevance of accounting information after South Korea adopted IFRS. Balanced panel secondary sources of data used were obtained from 14,260 firm-year observations of firms listed in the two Korean Stock Exchanges (KSE and KOSDAQ) spanning the period 2006 to 2015, divided into five years from 2006-2010 for pre-IFRS and five years from 2011-2015 for post-IFRS. The dependent variable was share price (SP), while the independent variables were book value per share (BVPS) and earnings per share (EPS). The OLS regression results revealed that for KOSDAQ both EPS pre-IFRS and BVPS pre-IFRS had a positively significant value better than post-IFRS. For KSE, while BVPS post-IFRS had a positively significant value better than pre-IFRS; EPS pre-IFRS had a positively significant value better than post-IFRS.

Alade (2018) carried out an empirical assessment on the relevance of accounting information following the adoption of IFRS in Nigeria. *S*econdarily sourced balanced panel data obtained from 128 firms listed on the Nigerian Stock Exchange (NSE) spanning the period 2008 – 2015, divided into four years from 2008-2011 for pre-IFRS and four years from 2012-2015 for post-IFRS were used. The dependent variable was share price (SP) while the independent variables were book value per share (BVPS), earnings per share (EPS) and cash flow per share (CFOPS). The regression results of the OLS indicated that EPS post-IFRS and BVPS post-IFRS periods had a positively significant value better than pre-IFRS, while CFOPS was not significant at all for both periods. Ahmed *et al.* (2018) studied how value relevant is accounting information in Nigeria after the adoption of IFRS. The researchers used secondary panel data of eight of the fifteen sampled oil and gas firms covering the period 2009 – 2014, divided into three years from 2009-2011 for pre-IFRS and three years from 2012-2014 for post-IFRS. The dependent variable was share price (SP), while the independent variables were book value per share (BVPS) and earnings per share (EPS). The regression results of the OLS indicated that EPS post-IFRS and BVPS post-IFRS periods had a positively significant value better than their pre-IFRS results. Temile (2018) studied the value relevance of accounting information in Nigeria after the adoption of IFRS. The researchers used secondary balanced panel data of eight seven sampled firms listed on the floor of the Nigeria Stock Exchange covering the period 2007 – 2016, divided into five years from 2007-2011 for pre-IFRS and five years from 2012-2014 for post-IFRS. The dependent variable was share price (SP), while the independent variables were book value per share (BVPS), earnings per share (EPS), cash flow per share (CFOPS), net income per share (NIPS) and net asset (NA). The regression results of the OLS indicated that BVPS post-IFRS and NIPS post-IFRS periods had a positively significant value better than their pre-IFRS results; EPS pre-IFRS and CFOPS pre-IFRS periods had a positively significant value better than their post-IFRS results, while NA was not significant at all for the two periods. Alnodel (2018) studied whether there has been any increase in the value relevance of accounting information since the adoption of IFRS in Saudi Arabia. *The study uses* secondarily sourced balanced panel data obtained from twenty one (21) listed firms on the floor of the Saudi stock market comparing the periods 2008 for pre-IFRS and from 2010 for post-IFRS. The dependent variable was market value per share (MVPS), while the independent variables were book value of equity (BVE) and earnings per share (EPS) with ROA and SIZE being control variables. The regression results of the Ordinary Least Squares (OLS) indicated that BE was less value relevance after the IFRS adoption, while EPS was more relevant post-IFRS periods. Adeyemo *et al.* (2017) aimed at investigating the relationship, if any, that exists between the value relevance of accounting information and IFRS adoption. Secondary balanced panel data of 13 listed of deposit money banks (DMBs) in Nigeria Stock Exchange over the periods 2008-2011(4 years pre-IFRS) and 2012-2015 (4 years post-IFRS) was used in this study. The dependent variable was market stock price (MV), while the independent variables were book value per share (BVPS) and earnings per share (EPS). The regression results of the OLS indicated that EPS post-IFRS and BVPS post-IFRS periods had a positively significant value better than pre-IFRS. Okafor *et al.* (2017) in a research work, attempted to justify the value relevance of accounting information in Nigeria after the adoption of IFRS. The researchers used secondary panel data of twelve sampled consumer firms obtained from the Nigerian Stock Exchange and Capital Assets covering the period 2008 – 2015, divided into four years from 2008-2011 for pre-IFRS and four years from 2012-2015 for post-IFRS. The dependent variable was market share price (MSP), while the independent variables were book value per share (BV), earnings per share (EPS) and cash flow per share (CF). The regression results of the OLS indicated that BVPS post-IFRS, EPS post-IFRS and CF post-IFRS periods had a positively significant value better than their pre-IFRS results.

2.2. Theoretical Framework

Agency Theory

Jensen and Merkling (1976) defined an agency relationship as a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent. They noted that since the principal and the agent are utility maximizers, it is very likely that the agent will not always act to protect the best interests of the principal. The principal then tries to minimize this conflict of interest or divergences from his best interest through the establishment of an appropriate incentives scheme so as to encourage the agent and also by incurring monitoring costs to checkmate the limit of the agent's aberrant activities.

Jensen and Meckling (1976) noted that their theory will help to explain, among others, why:

i) Accounting reports must be mandatorily or voluntarily provided to existing and potential investors, lenders and other creditors.

ii) Shareholders engage independent auditors to certify as to the truth and fairness view of the reports.

Holthausen (1990) also noted a relationship between managers' opportunistic behavior (agency costs) and accounting quality and that managers' choice of a particular type of accounting procedure is either to efficiently maximize the firms' value or to make themselves better off. Barth *et al*. (2008) reported that post-IFRS evidence showed less earnings management, higher accounting information value relevance and more timely loss recognition in twenty one (21) countries. Thus, the adoption of IFRS with its attendant benefits over the various local standards, as empirical evidences documented by Tarca (2012) have shown, would greatly mitigate the agency theory conflict.

2.3 Research Gap. Many research studies on IFRS adoption and quality of accounting information have been carried out both in developed and developing economies. The highest number of years ever used in the research work was 17 years (2002-2018) by Suwardi (2020*)* in Indonesia.

This work differs from others in that it used data for twelve (12) years from 2006 to 2017 which to the best of our knowledge no one has used in Nigeria. This study introduced the Price-Earnings (PE) ratio which has never been used in previous studies. Also, none of the above authors used Estimated Generalized Least Squares (EGLS with Period SUR) method as we did. Note that panel data models do have heteroskedascity and correlation between the error terms (autocorrelation), EGLS is used to correct for these problems and give a better regression output.

3.0 Methodology

The study uses the ex-post facto research design, otherwise called the descriptive or correlational research design, to investigate the relationship, if any, between the adoption of IFRS and accounting information quality in Nigeria. The population of this research comprises selected firms of the manufacturing industry listed on the floor of the Nigerian Stock Exchange (NSE). Secondarily sourced data obtained from 27 of those companies' annual reports over the period 2006 to 2017, making a total number of 324 observations, is used in this study. This period is further divided into the pre-IFRS era (2006-2011) and post-IFRS era (2012-2017).

3.2 Measurement and Definitions of Variables.

Table1

S/N	Variables Names	Definitions	Types	Measurements
1	MPS	Market Price Per Share	Dependent	Accounting Information Quality
2	BVPS	Book Value Per Share	Independent	Equity Value / Number of shares
3	EPS	Earnings Per Share	Independent	Net Income / Number of shares
4	CFPS	Cash Flows Per Share	Independent	Operating Cash Flows / Number of shares
5	PE	Price-Earnings Ratio	Independent	MPS/EPS
6	LEV	Leverage	Control	Total Debts/ Total Assets
7	SIZE	Company Size	Control	Logarithms of the total assets of the company

3.3 Model Specification

The functional equation of value relevance model which represents accounting information quality is stated as:

MPS = f (BVPS, EPS, CFPS, PE, LEV, SIZE*)*
(1) The functional testable model will be derived as:

MPS = $\beta o + \beta_1$ BVPS+ β_2EPS + β_3CFPS + + $\beta 4$PE + $\beta 5$LEV + β_6SIZE + ε_1
(2).

Where the definitions are as stated in Table1 above.

β1, β2, β3, β4, β5, β6 are the beta coefficients of the independent variables. From this study, we expect β1 to β6 to be greater than zero.

ε_1 = Error term

Since we are using panel data, the model is specified in the form of the three commonly used methods which are:

$MPS_{it} = \beta o + \beta_1 BVPS_{it} + \beta_2 EPS_{it} + \beta_3 CFPS_{it} + \beta_4 PE_{it} + \beta_5 LEV_{it} + \beta_6 SIZE_{it} + \varepsilon_{1i}$ (3)

4.0 Method of Data Analysis

Data collected are analyzed using EViews 10+ in the following order: Unit root test, Estimation of the regression models and performance of some diagnostics tests.

4.1 Unit Root Test

Table 2: Panel data unit root test

Variables	**Phillips Perron(PP) Fisher**	**Im, Pesaran & Shin**	**Levin, Lin & Chu**	**ADF Fisher**	**Decision**
MPS	0.0009	0.0000	0.0000	0.0000	I(0) stationary
BVPS	0.0000	0.0023	0.0000	0.0092	I(0) stationary
EPS	0.0000	0.0001	0.0000	0.0002	I(0) stationary
CFPS	0.0000	0.0023	0.0000	0.1583	I(0) stationary
PE	0.0000	0.0064	0.0000	0.0063	I(0) stationary
LEV	0.0000	0.0000	0.0000	0.0078	I(0) stationary
SIZE	0.0248	0.0000	0.0000	0.0000	I(0) stationary

The above unit root test results in Table 2 showed that all the variables of interest are I(0), that is, stationary at levels. Their p-values are less than 5% except CFPS of the ADF Fisher. When variables are not stationary, it means that they can drift apart in the long run and the regression results obtained can be spurious or nonsensical.

4.2 Regression Models Estimation

Table 3. Multivariate Analysis of IFRS Adoption and Quality of Accounting Information

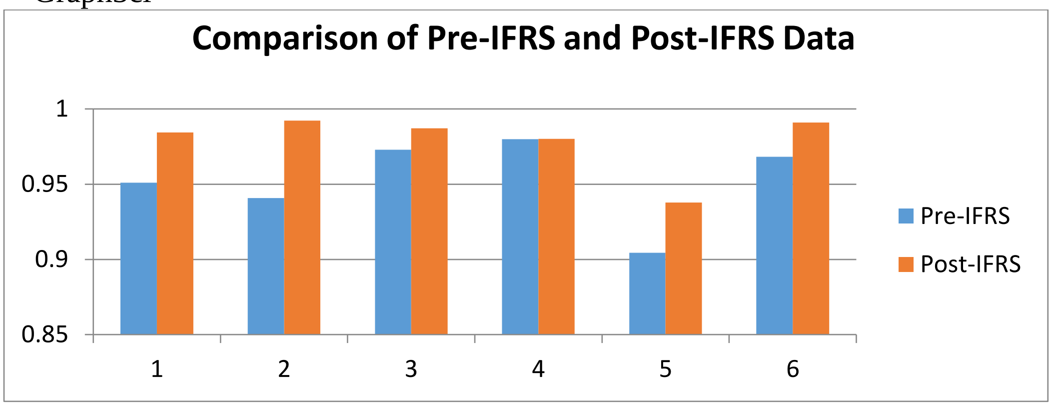
Panel Estimated Generalized Least Squares (EGLS) (Period SUR)								
	Post-IFRS Adoption Results				**Pre-IFRS Adoption Results**			
	Coefficient	Std. Error	t-Stat	Prob	Coefficient	Std. Error	t-Sta	Prob
(Constant)	-13.271	5.530	-2.399	0.0176	4.641	1.895	2.449	0.015
Dependent Variable: MPS								
Independent Variables:								
EPS	3.855	0.127	30.25	0.0000	6.051	0.187	32.28	0.0000
BVPS	0.085	0.091	0.93	0.3494	0.208	0.054	3.84	0.0002
CFPS	1.643	0.108	15.15	0.0000	1.482	0.066	22.57	0.0000
PER	0.104	0.048	2.14	0.0332	0.002	0.009	0.25	0.8003
LEV	0.030	0.018	1.63	0.1040	0.003	0.002	1.10	0.2717
SIZE	1.930	0.332	5.80	0.0000	0.142	.124	1.13	0.2560
R^2		0.925859				0.912104		
Adjusted R^2		0.922989				0.908702		
F-Change		322.6021				268.075		
Sig. F change		0.000000				0.0000		
Durbin-Watson		1.911948				2.082664		
Number of observations		162				162		

Source: Author's Compilations from E-Views Output

Table3c: Yearly Cross Sectional Regression Results and Graphs

Years	**Pre-IFRS**	**Years**	**Post-IFRS**	**Incremental Power of Adj R2**
2006	0.950857	2012	0.984258	0.033401
2007	0.94076	2013	0.992247	0.051487
2008	0.972865	2014	0.987159	0.014294
2009	0.979922	2015	0.9802	0.000278
2010	0.904389	2016	0.93772	0.033331
2011	0.968275	2017	0.991038	0.022763

Graph3ci



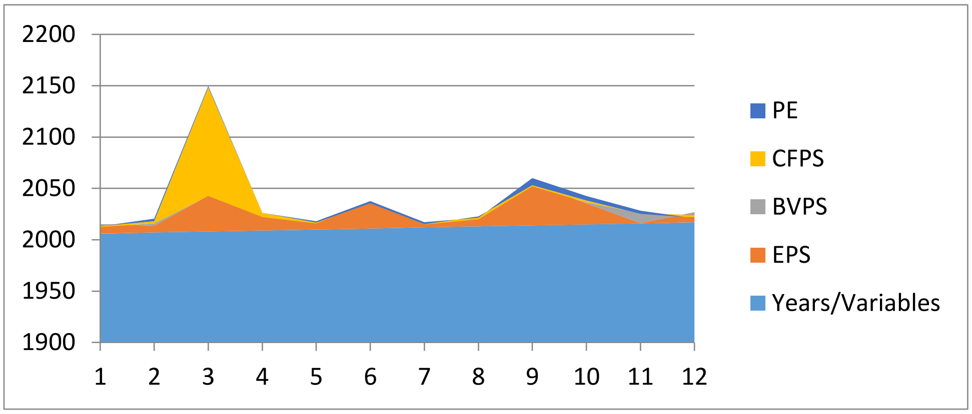
Sources: Author's Graphing of Table 3c using MicroSoft Excel.

Table3d: Variables t-Statistics Cross Sectional Regression Results and Graphs

Years/Variables	**EPS**	**BVPS**	**CFPS**	**PER**
2006	9.159555	-2.763787	0.999858	-0.325768
2007	6.796309	2.038623	2.085242	2.699872
2008	35.06126	-0.517494	106.0322	1.225701
2009	14.56943	-1.363338	4.037929	0.005467
2010	7.089278	-1.289112	0.92773	1.3123
2011	26.46402	-0.146161	-1.96026	2.136126
2012	4.445725	-1.453641	0.301743	1.719844
2013	7.611315	-0.763027	2.798093	-1.189374
2014	40.65978	-2.754052	1.459743	6.676857
2015	20.40493	0.852955	1.949522	4.571529
2016	0.273941	9.628562	-0.713748	3.142955
2017	9.785773	-2.921895	-2.438995	-0.711441

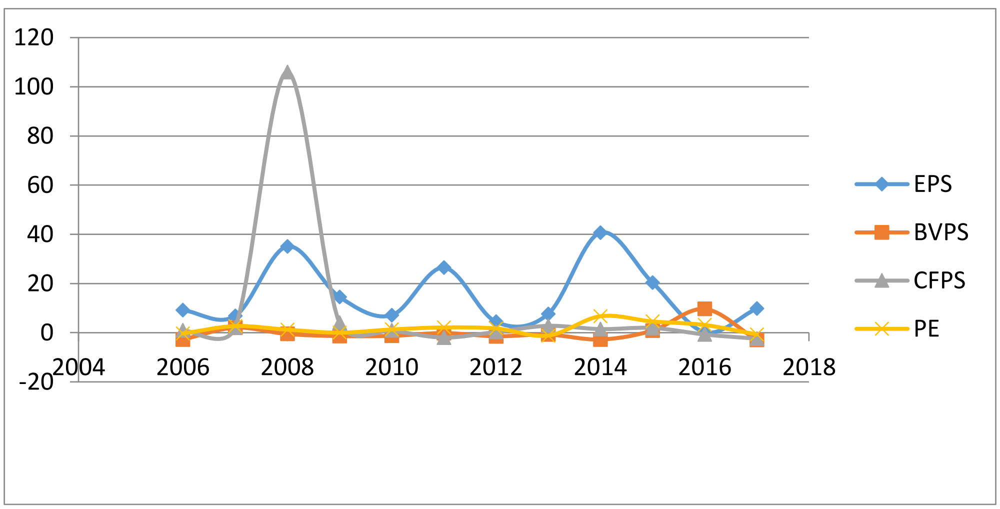
Sources: Author's Computations using EViews 10+

Graph3di



Sources: Author's graphing of table 3d using Microsoft Excel

Graph 3dii



Sources: Author's graphing of table 3d using Microsoft Excel

4.3 Discussion of the Regression Results

The regression results in Table 3 which covers the pre-IFRS periods, three of the six variables-EPS, BVPS and CFPS-are positively significant, while the other three-PE, LEV and SIZE- are positively insignificant. In the same Table3 which covers the post-IFRS periods, four of the six variables-EPS, CFPS, PER and SIZE-are positively significant while the other two-BVPS and LEV-are positively insignificant. Thus, we have more positively significant variables in post-IFRS than in pre-IFRS periods. This goes to confirm what the literature is saying that: 'although there is not yet a consensus reached in the literature, most empirical results show that IFRS adoption improves the quality of financial information, which becomes more correlated with market variables. Specifically, EPS pre-IFRS periods had a positively significant t-Statistics value (32.27) higher than post-IFRS (30.25). This result is in line with those of Olowe and Shehu (2021); Salisu and Yusha'u (2020); Yasas and Perera (2019); Ki *et al*. (2019); Temile (2018), but it is contrary to those of Sun *et al.* (2021); Alade (2018); Ahmed *et al.* (2018); Adeyemo *et al*. (2017); Okafor *et al*. (2017). BVPS pre-IFRS periods had a positively significant t-Statistics value (3.85) higher than post-IFRS (0.94). This result is in line with those of Sun *et al*. (2021) and Alnodel (2018), but it is contrary to those of Alomair *et al*. (2021); Yasas and Perera (2019); Ki *et al*. (2019); Alade (2018); Ahmed *et al.* (2018). CFPS pre-IFRS periods had a positively significant t-Statistics value (22.6) higher than post-IFRS (15.2). This result is in line with that of Temile (2018), but it is contrary to that of Okafor *et al*. (2017).

The above results can also be confirmed by the values of the Adjusted R-squared. While pre-IFRS is 90.87%, that of post-IFRS is 92.3%, this shows that post-IFRS model is a better fitted one than that of pre-IFRS with a combined incremental power of Adjusted R-squared by 1.43%, that is, 92.3% minus 90.87%. Again, the yearly cross-sectional regression results in Table 3c and accompanying graph 3ci showed the value relevance of post-IFRS superiority over that of pre-IFRS. See Appendices A & B for details. Again, the regression results for individual variables in Table 3d and the accompanying graphs di and dii above show that EPS exhibit more consistent accounting information for investors. Apart from the year 2016 where it was positively insignificant, it is very consistent in explaining share prices for the other years.

5.0 Conclusion and Recommendations

In this study, we investigate if the adoption of IFRS has improved the quality of accounting numbers provided in the financial statements of firms *in Nigeria. The study uses data which covers the period of 2006-2011(pre-IFRS) and 2012-2017 (post-IFRS) analyzed with the* Estimated Generalized Least Squares (EGLS) regression. The overall results of the regression and other additional analysis show that there is a higher quality of accounting information after the adoption of IFRS for the periods under review. The study, therefore, recommends that:

1. Manufacturing firms should fully implement international financial reporting standards (IFRS) in order to maximize its influence on their stock prices.
2. Manufacturing firms should take close cognizance of their cash flow as its relative impact on stock prices cannot be undermined due to illiquidity trap.
3. Manufacturing firms should also monitor the movement of their earnings per share to ensure its consistent effect on stock prices as shown in the results above.
4. They should pay close attention to P/E ratio since it shows what the market is willing to pay today for a stock whether undervalued or overvalued based on its past or future earnings.

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